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# PARKSIDE HISTORIC PRESERVATION CORPORATION

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James L. Brown, IV  
Executive Director

September 14, 2006

Mr. Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 Seventeenth Street, N.W.  
Washington, D.C. 20429

## Officers

Mansfield Neal, Esquire  
Honorary Chairman

James L. Brown, V  
President

Rev. Marguerite Handy  
Secretary

Charlotte B. Brown  
Treasurer

## Attention: Comments

### **Re: De-posit Insurance Assessments and Federal Home Loan Bank Advances**

Dear Mr. Feldman,

I write with regard to the Federal Deposit Insurance Corporation notice of proposed rulemaking and request for comment on deposit insurance assessments. Specifically, I write to address the FDIC's request for comment on whether Federal Home Loan Bank (FHL Bank) advances should be included in the definition of volatile liabilities or, alternatively, whether higher assessment rates should be charged to institutions that have significant amounts of secured liabilities. We believe that enacting this rule would be harmful to FHL Banks, their member institutions and affordability and access to housing.

FHL Banks and their members are the largest source of residential mortgage credit in America. It is this credit that has created record homeownership rates and allows homeowners to use the equity in their homes for improvements, retirement and even college tuition. By penalizing the use FHL Bank advances, institutions will be forced to either seek less attractive, potentially more expensive funding or curtail their lending. In either case, consumers and especially those on the lower end of the economic scale will be hurt by higher costs and a tighter credit market.

The profits generated by FHL Banks, primarily through their advance products, contribute to the largest low-income housing grant program in the nation. Every year, FHL Banks contribute ten percent of their profits to affordable housing grants. Homeless shelters, first-time homebuyer projects and housing for substance abuse recovery are just three examples of projects that have benefited from the FHL Bank's Affordable Housing Program.

## Members

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Since 1990, the AHP has provided over \$2.3 billion for these activities. An unwarranted reduction in FHL Bank advances would result in fewer dollars for these projects.

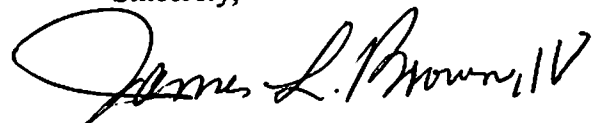
FHL Bank advances are not a volatile liability for members. They come with set, predictable terms allowing efficient balance sheet management. Unlike deposits, advances do not diminish when market forces or consumer habits change. FHL Banks themselves are a core part of the American banking system. As created by Congress in 1932, they have been the standard for stability, surviving the swings of markets, interest rates and business cycles. Their cooperative structure, joint and several liability and conservative business models ensure the future availability of advance products for their over 8,000 members. When Congress created the FHL Bank System its goal was a steady stream of mortgage credit through advances. Congress reiterated its support of advances by expanding access to this funding in the Gramm-Leach-Bliley Act. This proposal, which seeks to penalize the judicious use of advances runs contrary to the actions and intent of Congress and would be a travesty.

Further, restoration of the distressed Parkside Mansions in West Philadelphia in the Parkside National Register Historic District would have been virtually impossible without the use of the Federal Home Loan Bank's Affordable Housing Program.

It is through this program that we expect to restore hundreds of other units in the Parkside District.

I appreciate the opportunity to comment on this important matter.

Sincerely,



James L. Brown, IV  
Executive Director

cc: Board of Directors  
Frederick D. Strober, Esquire  
Congressman Chaka Fattah